

Financial Report

City of Pensacola

3rd Quarter Financial Statement

Nine Months Ending June 30, 2018



FY 2018 Issues

- Growth in the Economy Continues
- Half-Cent Sales Tax , Local Option Sales Tax (PFP), & Ad Valorem Revenues
 - Positive Growth
- Expenditures in total, in line with Budgeted Projections
- Interest Rates
- Legal Services and Fees



General Fund

- In Total, Revenues Exceeded Budget
 - Attributed to Property Tax, Local Business Tax Revenues & Transfer from Pensacola Energy
 - Street Light Maintenance & Traffic Signal Revenue Exceeded Budget
 - Franchise Fees & Public Service Tax – **+\$628,700** or **6.01%** Up
 - Half-Cent Sales Tax – **+\$220,800** or **7.72%** Up
 - Communication Services Tax – **+\$90,700** or **4.68%** Up
 - Municipal Revenue Sharing – **+\$34,300** or **2.03%** Up



General Fund

- Escambia County School Board - School Resource Officer(SRO) Revenue is anticipated to be below budget
 - School Resource Officer(SRO) Revenue - **\$22,000**
Down
- In Total, Revenues Projected to Meet or Exceed budget
- General Fund Transfer to Stormwater Capital is below budget
- Third Quarter Expenditures, In Total, Within Budget



Tree Planting Trust Fund

- Revenue and Expenditures Recorded in General Fund
 - Total Contributions Plus Interest Income - \$3,000
 - Expenditures/Encumbrances - \$0
 - City Council Voted to move \$300,000 to a reserved account
 - To this date no review has been scheduled by City Council
 - End of Third Quarter Unencumbered Balance - \$388,567



Housing Initiatives Fund/Inner City Housing Initiatives Fund

- Revenue and Expenditures Recorded in General Fund
 - Housing Initiative Fund :
 - Third Quarter Total Contributions - \$251,500
 - Expenditures/Encumbrances - \$90,100
 - End of Third Quarter Housing Incentive Fund Balance - \$161,374
 - Pensacola Inner City Community Redevelopment Area
 - City Council Allocated funds August 10, 2017 - \$440,000



Special Revenue Funds

- Local Option Gasoline Tax Fund
 - Revenue equaled Budget through 3rd Quarter
 - Expenditures will not Exceed Budget for the fiscal year



Special Revenue Funds

- Stormwater Utility Fund
 - Revenue of \$2,720,317 Represents 98.21% of Budget
 - Expenditures are Consistent with Budget for 3rd Quarter
 - Stormwater Utility Fee
 - Appears Will not meet budgeted level - **\$44,800** Down
 - Airport Parcels Will Receive Credits
 - State Right of Way Maintenance - **\$189,900** Down
 - Additional State Contract Not Received
 - Revenues Same as FY 2017- \$99,600



Special Revenue Funds

- Municipal Golf Course Fund
 - Expenditures Exceeded Revenue by **\$222,300**
Before General Fund Subsidy (\$165,000)
 - **\$24,000** below FY 2017 3rd Quarter Revenues
 - Decrease in Revenue Due to Extreme weather during FY 2018



Special Revenue Funds

- **Municipal Golf Course Fund**

- 15,174 Rounds played in 3rd Quarter of FY 2018 - a decrease of **843** Rounds from FY 2017
- 4,829 of Driving Range usage in 3rd Quarter of FY 2018 - an increase of **858** Driving Range usage from FY 2017
- Concession payments are current through the 3rd quarter of FY 2018
- Expenditures Consistent with Budget

- **Inspection Services Fund**

- In total, Revenues Exceeded Expenditures By **\$82,200**
- Revenues **\$118,600** below Prior Year
- Expenditures are Anticipated to be Within Budget by Fiscal Year End



Special Revenue Funds

■ Roger Scott Tennis Center

- Expenditures Exceeded Revenues by **\$42,200**
- Revenues **\$45,400** below Prior Year
- Awarded Contract for Operation & Management of Roger Scott Tennis Center to Gulf Coast Tennis Group, LLC on November 9, 2017
 - Began Operation in January 2018
 - City receives minimum annual guaranteed revenue of \$125,000
 - Estimated to fund City's cost of Operations



Special Revenue Funds

- Community Maritime Park Management Services Fund
 - Community Maritime Park
 - New Market Tax Credit (NMTC) Completed
 - Assets & Liabilities of Community Maritime Park Associates, Inc. (CMPA) transferred to City
 - CMPA dissolved June 2017
 - FY 2018 First Full Year Of Operations By The City
 - Revenues and Appropriated Fund Balance Exceeded Expenditures by **\$22,800**
 - Majority of the Revenues Will be Received or Accrued in 4th Quarter
 - Expenses Consistent with Budget



Capital Projects Funds

- Local Option Sales Tax Fund
 - Revenues Exceeded Budget by **\$434,700** or **8.50%** Up
 - Expenditures in Total, Consistent with Budget
 - Extension of Local Option Sales Tax (Fourth Series)
- Local Option Gasoline Tax Series 2016 Project Fund
 - Approved by City Council on July 14, 2016
 - Prior Year Expenditures Through 3rd Quarter represent First Phase
 - Expenditures Through 3rd Quarter of FY 2018 represents the Third Phase
 - Council approved project list for Phase II on the December 14, 2017 and Contracts awarded February 8, 2018



Capital Projects Funds

- Stormwater Capital Projects Fund
 - General Fund Transfer Equaled Collection - \$2,726,600
 - Expenditures Within Budget



Enterprise Funds

■ Gas Utility Fund

- Fund Balance and Operating Revenue Exceeded Gas Operating Expenses and Encumbrances by **\$3,938,800**
- Third Quarter FY18 Revenues exceed FY17 Revenues by **\$5,084,300**
 - Due to Colder Temperatures During Early Spring
- FY17 Reserve Shortfall - \$3.94 million
 - Additional \$0.10 per Ccf - \$1,439,402
- Infrastructure Cost Recovery Fee - \$2,990,474
- In total, Expenses Consistent with Budget



Enterprise Funds

■ Sanitation Fund

- Fund Balance and Operating Revenue Exceeded Operating Expenses and Encumbrances by **\$194,800**
 - Fund Revenues were **\$389,300** above FY 17 Revenues
- Expenses Consistent with Budget



Enterprise Funds

■ Port of Pensacola

- Fund Balance and Revenues Below Expenses and Encumbrances by **\$231,300**
- Revenues Below FY 17 Revenues By **\$34,100**
 - Decrease in Property Rental, Wharfage, and Dockage
 - Result of fewer vessel dockage days
 - Attributable to the depressed state of offshore oil and gas industry



Enterprise Funds

■ Port of Pensacola

- FY 17 Expenditures Exceed Revenues by **\$721,400**
 - FY17 Reserve Balance of \$370,733
 - FY 18 If Pattern Continues Will be Short by **\$330,000**
- Expenses, In Total, are below Budget
 - Expenses **\$193,500** less than FY 2017 for same time period
 - Staff Continues to Operate at Minimal Cost
- All Port Lease Payments are Current
- Offshore Inland – Balance of **\$450,020.30**
 - \$12,020.30 – Current
 - \$0 – More than 30 days past due
 - \$438,000 – More than 120 days past due



Enterprise Funds

- Port of Pensacola

- Update Offshore Inland

- Over 120 Days

- June 30, 2018 - \$438,000.00

- An Establishment of payment plan incorporated into an amendment to tenants lease approved by City Council
 - \$10,000 Installment Payments until full repayment of debt
 - Includes \$363,000 in invoices being held in abeyance pending construction of an overhead crane Facility in Port Warehouse #1



Enterprise Funds

■ Airport Fund

- Fund Balance and Revenue Exceeded Expenses and Encumbrances by **\$7.0 million**
- Passenger Traffic Increased by 19.34% Compared to Third Quarter of FY 2017
 - Increase Due to Improved Air Service & General Economic Conditions
- Airport Revenues were **\$1,246,600** above FY 2017
 - Airline Revenues **\$36,300** above prior fiscal year
 - Non-Airline Revenues Exceeded prior fiscal year by **\$1,210,300**
 - Due to three new revenue sources: Cargo Landing Fees, Cargo Apron Area Rental, and Baggage Handling System
 - Parking Lot Revenue was **\$282,600** over prior year
- FAA Lease Agreement for FASCO tower in negotiations
- Expenses Consistent with Budget



Internal Service Funds

- Insurance Retention Fund/Central Services Fund
 - Provide Services To the City's Other Operating Funds
 - Revenues and Expenses Consistent With Budgeted Levels



Investment and Debt Service Schedules

- Provided For Information
 - Listing of City Investments
 - Listing of City's Debt Issues
 - Interest Rates



Legal Costs Schedule

- Schedule of legal costs paid to attorneys and/or firms who have provided services to the City



Legal Costs Schedule

CITY OF PENSACOLA
SCHEDULE OF LEGAL COSTS
June 30, 2018
(Unaudited)

| ATTORNEY NAME OR FIRM | AMOUNT PAID | NATURE OF SERVICES PROVIDED |
|-----------------------------------|---------------------|--|
| ALLEN NORTON & BLUE P A | \$60,970.20 | Administrative, Collective Bargaining and Employee Matters |
| BEGGS & LANE | 217,457.70 | Contract and Real Estate Law |
| BRYANT MILLER OLIVE PA | 59,863.93 | Bond Counsel |
| CARLTON FIELDS JORDEN BURT | 15,469.54 | Environmental and Real Estate |
| GRAY ROBINSON PA | 66,208.12 | Fee, Tax and Pension Plan Compliance |
| GUNSTER YOAKLEY & STEWART PA | 18,496.82 | Natural Gas Matters |
| HAND ARENDALL HARRISON SALE | 17,878.95 | Contract and Real Estate Law |
| HARRISON SALE MCCLOY & JACKSON | 18,210.76 | Contract and Real Estate Law |
| JOLLY & PETERSON PA | 66,468.94 | Police Liability Claims |
| LOCKE LORD LLP | 2,500.00 | Bond Disclosure Counsel and New Market Tax Credits |
| MCCARTER & ENGLISH LLP | 38,731.75 | Natural Gas Industry |
| PHILIP A BATES PA | 150.00 | Sanitation Matters |
| PLAUCHE MASELLI PARKERSON LLP | 19,874.45 | Utility Litigation |
| QUINTAIROS PRIETO WOOD & BOYER PA | 47,360.43 | Workers Compensation and Liability Claims |
| RAY, JR LOUIS F | 22,968.00 | Code Enforcement Special Magistrate |
| RODERIC G. MAGIE, PA | 32,152.61 | Workers Compensation Claims |
| STEINMEYER FIVEASH LLP | 28,536.61 | Environmental and Property Matters |
| THE HAMMONS LAW FIRM PA | 304.50 | Code Enforcement Lien Foreclosures |
| WILSON HARRELL & FARRINGTON PA | 155,896.99 | Claims and Litigation |
| WOODEN LAW FIRM PC | 51,505.00 | Land Development Matters |
| REPORT TOTAL | <u>\$941,005.30</u> | |



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